

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

Appendices

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

Appendix A: Glossary of Acronyms Used

AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board Opinions
CFR	Code of Federal Regulations
CPB	Corporation for Public Broadcasting
CSG	Community Service Grants
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GASBS	Statements of Government Financial Accounting Standards
PTS	Public Television Station
SAS	Statement on Auditing Standards
SFAC	Statement of Financial Accounting Concepts
SOP	Statement of Position
SOSAP	Summary of Significant Accounting Policies
SFAS	Statements of Financial Accounting Standards
USC	United States Code

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

Appendix B: Glossary of Terms Used

Annuity and Life Income Funds – A gift of money or other property on the condition that the recipient binds itself to make periodic stipulated payments to the donor or other designated individuals that terminate at the donor’s death or another specified time or event.

Business-type Activity – A government activity financed in whole or part by fees charged to external parties for goods or services.

Capital Additions – Gifts, grants, bequests, investment income, and gains and losses on investments restricted either permanently or for a period of time by parties outside of the entity to endowment funds. Capital additions also include similar resources restricted for fixed asset additions but only to the extent expended during the year.

Compensated Absence – Employee absences such as vacation, illness, and holidays for which it is expected that employees will be paid.

Condition (on a contribution) - A donor stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred or releases the promisor from its obligation to transfer the assets.

Contribution - An unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Deferred Revenue and Support – Revenue or support received or recorded before it is earned, that is, before the conditions are met, in whole or in part, for which the revenue or support is received or is to be received.

Encumbrances – Commitments in the form of orders, contracts, and similar items that will become payable when goods are delivered or services rendered.

Endowment Fund – A fund in which a donor has stipulated in the donative instrument that the principal is to be maintained inviolate and in perpetuity and only the income from the investments of the fund may be expended. See also “term endowment.”

Exchange transaction – A situation in which the grantor, sponsor, or appropriator expects to receive commensurate value.

Functional Expenses – A classification of expenses that accumulates expenses according to the purpose for which costs are incurred. The primary functional classifications are program and supporting services.

Indirect Administrative Support – A type of contributed, allocated support applicable to institutional stations only. Represents services provided to a station by the controlling organization (e.g., college or government). Examples include allocated space or general administrative services provided at no cost to the station.

Natural expenses - A classification of expenses that shows expenses by their type - such as salaries, employee benefits, occupancy, postage and shipping.

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

Net Realizable Value – Estimated selling price of an item in the ordinary course of business, less reasonably predictable costs of disposal.

Object Expense Classification – A method of classifying expenditures according to their natural classification, such as salaries and wages, employee benefits, supplies, purchased services, and so forth.

Participation Agreement – Persons involved in the production of a program are compensated, in part or in full, with a participation in the income from the program. The amount of compensation to the participant is usually based on percentages of revenues or profits from the production.

Permanently restricted net assets – The part of the net assets of a not-for-profit organization resulting (a) from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Related Party – Affiliates or other parties with which a station may deal that control or can significantly influence management or operating policies.

Restriction (on a contribution) - Specifies a use for the contributed assets that is more specific than broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association.

Support – The conveyance of property or services from one person or organization to another without considerations (e.g., donations, gifts, grants, or bequests). Support is grouped with revenue for reporting, but differs in that revenue results from reciprocal *exchanges* based on provision of goods or services.

Temporarily restricted net assets – The part of the net assets of a not-for-profit organization resulting (a) from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Term Endowment – A fund that has all the characteristics of an endowment fund, except that at some future date or event it will no longer be required to be maintained as an endowment fund.

Unrestricted net assets - The part of net assets of a not-for-profit organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

Appendix C: Index of Pronouncements and Issuance Dates

AICPA SOPs	Issuance Date
SOP 81-1, <i>Accounting for Performance of Construction-Type and Certain Production-Type Contracts</i>	July 1981
SOP 87-2, <i>Accounting for Joint Costs of Informational Materials and Activities of Not-for-Profit Organizations That Include a Fund Raising Appeal</i>	August 1987
SOP 93-3, <i>Rescission of Accounting Principles Board Statements</i>	March 1993
SOP 94-2, <i>The Application of the Requirements of Accounting Research Bulletins, Opinions of the Accounting Principles Board, and Statements and Interpretations of the Financial Accounting Standards Board to Not-for-Profit Organizations</i>	September 1994
SOP 94-3, <i>Reporting of Related Entities by Not-for-Profit Organizations</i>	September 1994
SOP 98-2, <i>Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities that Include Fund Raising</i>	March 1998

AICPA SAS Standards	Issuance Date
SAS No. 52, <i>Omnibus Statement on Auditing Standards-1987</i>	April 1988
SAS No. 69, <i>The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles in the Independent Auditor's Report</i>	January 1992
SAS No. 91, <i>Federal GAAP Hierarchy</i>	April 2000

APB Opinions	Issuance Date
APB 18, <i>The Equity Method of Accounting for Investments in Common Stock</i>	March 1971
APB 21, <i>Interest on Receivables and Payables</i>	August 1971
APB 22, <i>Disclosure of Accounting Policies</i>	April 1972
APB 29, <i>Accounting for Nonmonetary Transactions</i>	May 1973

ARB	Issuance Date
ARB 43, <i>Restatement and Revision of Accounting Research Bulletins</i>	June 1953
ARB 51, <i>Consolidated Financial Statements</i>	August 1959

SFAC	Issuance Date
SFAC No. 6, <i>Elements of Financial Statements</i>	December 1985

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

SFAS Pronouncement	Issuance Date
SFAS No. 57, <i>Related Party Disclosures</i>	March 1982
SFAS No. 63, <i>Financial Reporting by Broadcasters</i>	June 1982
SFAS No. 94, <i>Consolidation of All Majority-Owned Subsidiaries</i>	October 1987
SFAS No. 95, <i>Statement of Cash Flows</i>	November 1987
SFAS No. 107, <i>Disclosures about Fair Value of Financial Instruments</i>	December 1991
SFAS No. 115, <i>Accounting for Certain Investments in Debt and Equity Securities</i>	May 1993
SFAS No. 116, <i>Accounting for Contributions Received and Contributions Made</i>	June 1993
SFAS No. 117, <i>Financial Statements of Not-for-Profit Organizations</i>	June 1993
SFAS No. 124, <i>Accounting for Certain Investments Held by Not-for-Profit Organizations</i>	November 1995
SFAS No. 136, <i>Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others</i>	June 1999

GASBS Pronouncement	Issuance Date
GASBS No. 3, <i>Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements</i>	April 1986
GASBS No. 9, <i>Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting</i>	September 1989
GASBS No. 27, <i>Accounting for Pensions by State and Local Governmental Employers</i>	November 1994
GASBS No. 31, <i>Certain Investments and External Investment Pools</i>	March 1997
GASBS No. 33, <i>Accounting and Financial Reporting for Nonexchange Transactions</i>	December 1998
GASBS No. 34, <i>Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments</i>	June 1999
GASBS No. 35, <i>Basic Financial Statements--and Management's Discussion and Analysis--for Public Colleges and Universities</i>	November 1999
GASBS No. 36, <i>Recipient Reporting for Certain Shared Nonexchange Revenues</i>	April 2000
GASBS No. 37, <i>Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments: Omnibus an amendment of GASB Statements No. 21 and No. 34</i>	June 2001
GASBS No. 39, <i>Determining Whether Certain Organizations Are Component Units, an Amendment to GASB Statement No. 14</i>	May 2002

Application of Principles of Accounting and Financial Reporting To Public Broadcasting Entities

OMB Circulars	Issuance Date
OMB Circular A-21, <i>Cost Principles for Educational Institutions</i>	September 1979; revised August 2000
OMB Circular A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i>	May 1995; amended August 1997
OMB Circular A-122, <i>Cost Principles for Non-Profit Organizations</i>	June 1998